

OVERVIEW

As principal steward over the nation's natural and cultural resources, the Department of the Interior relies very heavily on travel to fulfill its core missions. Approximately 39,000 of its employees have been issued an Individual Government-sponsored Travel Charge Card; some 350,000 Temporary Duty (TDY) trips are taken each year; and DOI spends approximately \$150 million on travel expenditures each year.

The travel process within the Federal Government has been **highly regulated** for a number of years. For this reason, it should be no surprise that the growing body of increasingly more complex regulations have resulted in a travel process which is cumbersome; lacks rationality; places an inordinate emphasis on minutiae; and as a result is neither customer focused nor cost effective.

The costs of the administrative infrastructures which have been created to carry out the travel processes within the Federal Government are not precisely known but are believed to be substantial. The General Accounting Office (GAO) has estimated that the administrative costs associated with DOD travel are approximately 30 percent of total direct travel cost. By comparison, the average administrative costs in the private sector are estimated to be in the 10 percent range, and a couple of industry leaders are believed to be in the 6 percent range. The Joint Financial Management Improvement Program (JFMIP) has estimated that the average cost of administering a TDY trip within the Federal Government totals approximately \$98 per trip (or \$129 per trip when an agency issues and subsequently collects a travel advance).¹

One of the objectives of the DOI Travel Lab's Customer Survey was to collect information on the cost of administering the Department's current travel process. Based on information provided by the 5,196 employees who participated in the Customer Survey, we estimate that the Department's average administrative cost for a TDY trip is approximately \$95. As noted in Figure 1, this cost correlates closely with the JFMIP Government wide estimate of \$98 per trip. Several factors are believed to contribute to the high administrative cost. These include the regulatory nature of the Federal travel process, the lack of a standardized process, and the general lack of integrated automated system.

¹ JFMIP is an interagency group of financial managers and has a primary role to act as a catalyst for improving financial management policies and practices Government wide.

**Comparison of Total TDY
Administrative Cost for Travel (per trip)**

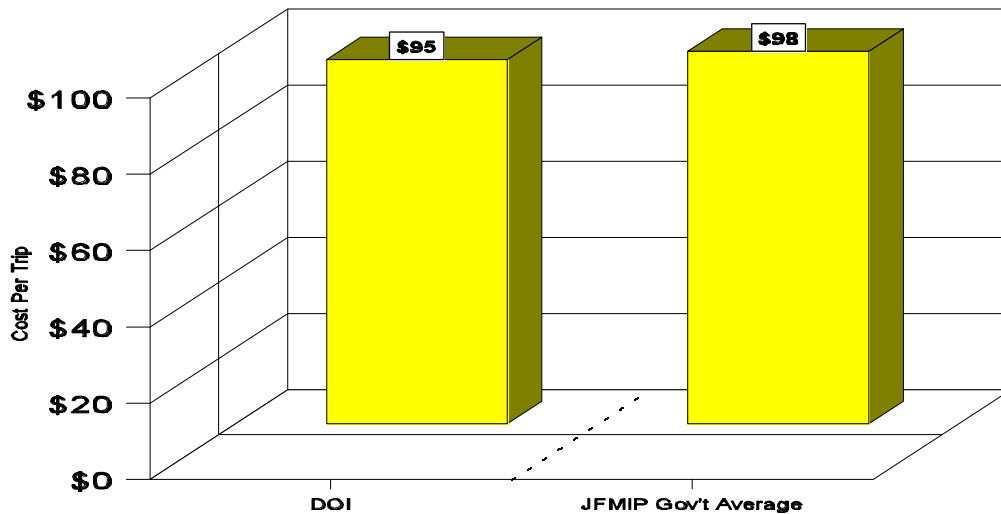


Figure 1

Notes:

- (1) DOI estimate does not include supervisory costs for approval of authorization, advance, and travel voucher.
- (2) Both estimates exclude estimated costs for collection of bureau issued travel advances. Estimated at \$31 per trip by JFMIP and between \$35 to \$68 for DOI.

In addition to the substantial administrative costs which accompany the existing travel process, “other costs” -- which potentially are even more significant to the Department -- manifest themselves in many direct and indirect ways. These “other costs” consist of productive time lost in completing the necessary forms for a travel authorization, travel advance, and travel reimbursement. The personal and official time spent in making travel arrangements and assembling the required documentation to support a travel claim; the frustration involved in waiting for the necessary approvals; the hidden costs of maintaining unofficial “cuff record” systems by program and administrative managers to monitor travel are all significant factors in indirect administrative costs. In addition, the costs of creating, copying, filing and retrieving the documentation and records associated with the various steps of the travel process; the delays in obtaining travel reimbursements; and possible impairment of program mission resulting from the delays also contribute to excessive and unnecessary indirect costs of travel. Many of the delays attributable to these “hidden costs” and their added frustrations were echoed frequently by the travelers who participated in the Customer Survey.

Concern over the administrative cost and associated burdens of the travel process led the Department’s Chief Financial Officer to charter a department wide Travel Reinvention Lab in February 1996 to provide higher levels of service to travelers, to improve accountability, to reduce the direct and indirect cost of the Department's travel program, to substantially reduce the number of Travel Management Centers used by the Department, and to improve the Department's performance on Government wide measures relating to travel programs.

A. Approach Used

The Travel Lab had representation from each of the Department's bureaus/offices, and was comprised of individuals having backgrounds in finance, program and administrative areas. Travel Lab members met with representatives of other Federal agencies involved in travel reinvention efforts, and with three “best in class” companies in the private sector. To ensure that the Department’s travelers would be heard, customer survey questionnaires were distributed electronically by all bureaus/offices. The Travel Lab findings and conclusions, which are summarized below, are based, in part, on the information derived from all these sources.

The Travel Lab used a systematic approach to focus on the five major components of the travel process: (1) authorization; (2) obligation/funds control; (3) arrangement of travel services; (4) voucher preparation; and (5) voucher audit, payment, and reconciliation. In reviewing the five components of the travel process, the Travel Lab considered **why** the steps were being performed, **whether** the steps added value, **which** steps could be streamlined or eliminated, and whether **someone else** could perform the functions more efficiently. The team researched all statutory and regulatory constraints, reviewed the travel reinvention efforts of other Federal agencies, examined the “Best in Class” practices of three industry leaders in the private sector, and considered a range of alternatives in preparing recommendations. This approach helped ensure that proposed changes in individual components of the travel process would be considered in the context of their overall impact on the entire travel system.

B. Principal Findings

“What's wrong with the process? It is too time consuming... Too many hoops to jump through... Too many approval levels... Red tape at its worst. Automate the whole process... Get rid of the paper... Use electronic approvals... !”

DOI Customer Survey Respondent

1. Travel Management Center Service Structure Used by the Department are Highly Fragmented

Presently, the Department relies on 140 Travel Management Centers (TMC) under contract with GSA, and uses approximately 700 centralized billing accounts to provide the specialized travel services to its traveling employees. The Travel Lab was directed to focus on the existing arrangements with the TMC’s as one target of opportunity for improving the scope and quality of services provided to travelers, improving the level of administrative support provided to the Department, and for producing potential dollar savings to the Department.

There are a number of “hidden costs” associated with the present structure of TMC's used by the Department. These include:

- administrative costs of maintaining 700 or so memoranda of understanding (MOU) executed by the bureaus/offices with the TMC's each year
- lack of contractual ability to improve poor customer quality and service provided by an existing TMC (since GSA is the contracting agency)
- inability to influence the type and level of services being offered (since the Department is typically one of many Federal users) at a TMC under contract to GSA
- wide variability in ADP capabilities among TMC's, and the lack of any existing GSA contractual requirement to perform automated billing reconciliations, provide electronic files of travel data, or produce management reports
- the Department's failure to fully leverage its purchasing power as a \$150 million customer (since the amount of business conducted with each of the 140 individual TMC's is relatively small)
- failure to fully explore and utilize the full range of high value-added services which could be provided by the best travel service providers

All private and public sector organizations rely on commercial travel agency services to provide the many specialized ticketing, travel information, reservation, itinerary, customer service, and billing services necessary to support their travelers. Our interviews with the three leading private sector organizations revealed that similar situations existed in the private sector before an effort was made to consolidate the number of travel providers used. Similar strategies to substantially reduce the number of contracts with TMC's are also underway in GSA, DOD, and other Federal agencies.

2. Travel Processes Within the Department Lack Consistency

“I wish they would eliminate the differences in travel regulations between the Divisions (in my bureau). Our Office clerk has to process travel under two very different systems and it just is not very efficient. It gets really confusing when staff in one division travel on accounts of another division, and vice versa”

DOI Customer Survey Respondent

While the Federal Travel Regulation (FTR) stipulates the common requirements for all Federal civilian agencies, the travel policies and processes within each of the Department's bureaus/offices vary widely. In practice, substantial variations exist among each of the bureaus/offices in terms of: (1) the types of travel authorizations issued; (2) the number of approval levels required for a travel authorization; (3) the number and type of payment mechanisms used for travel advances; (4) when and how travel funds are obligated; (5) the level at which travel funds are administratively controlled; (6) the number of approval levels required for travel vouchers; (7) the payment mechanisms used to

reimburse travelers; (8) the level of travel expense detail captured in the bureau accounting systems; and (9) when and how travel vouchers are audited. These travel process variables have a direct bearing on total travel cycle time, and collectively impact the level of service which a traveler perceives.

As a result of the very substantial policy and procedural variations which exist among bureaus, travelers within the Department receive widely varying levels of service, and bureaus incur substantial “hidden” administrative costs, in having to maintain and update as many as twelve different bureau/office policy and procedure manuals which exceed some 1,500 pages in length.

Our interviews with the three leading private sector organizations revealed that they too had substantial travel process variations and duplicative administrative structures in place among their business units and organizations before standardizing their travel process.

3. Overall Accountability is Lacking, Despite the Existence of Numerous Controls

“Too often, rules are established for everybody that are intended to punish the behavior of a few. Why not try something innovative for a change, and discipline only those individuals that break the rules” (underscoring added).

DOI Customer Survey Respondent

Most travel within the Department is authorized on a trip-by-trip basis. The Travel Lab found that in some bureaus/offices, as many as four signatures were necessary to create a travel authorization, and as many as eight signatures were necessary to review/approve a travel voucher. These practices invariably lead to delays and frustration, without benefit. Excessive levels of non-value added review drive up administrative costs, lengthen the travel cycle time, and provide a false sense of security. A burdensome number of internal controls actually divide and diminish accountability. The present excessive controls and constraints have not produced the desired effect of eliminating waste, but have contributed heavily toward increasing the Department's administrative cost in processing travel.

Since many costs are not visible and are difficult to monitor, they are frequently treated as insignificant. Multiple levels of approval and other administrative procedures implemented to maintain oversight, control and to minimize the cost of Government travel frequently have the opposite effect. Increased processing time and burdensome layers of approval make travel decisions unnecessarily difficult and expensive. The past tendency to view the travel process as a purely regulatory process (without considering cost effectiveness or mission requirements) is one of the primary contributing factors to this high administrative cost.

Finally, a very notable characteristic of the Department's current travel process is that it lacks an identifiable owner. Travel originates in nearly all organizational segments, and passes through a series of steps, reviews and approval levels. Yet, there is no accountable "owner", or single organization responsible for making the travel process work. As a result, accountability for important components of the travel process is widely diffused, and many aspects of the current travel process have problems which are not being adequately addressed or resolved. Examples include:

- Supervisors who are responsible for accomplishing program missions are not empowered to authorize travel or approve travel vouchers
- No general agreement as to who is responsible for taking disciplinary actions against employees who: (a) misuse the Government-sponsored Travel Charge Card; (b) have serious delinquent travel charge card balances; (c) are delinquent in repaying travel advances
- No clear understanding of who is responsible for ensuring that unused transportation tickets are promptly returned to designated locations for credit

It became very clear to the Travel Lab that a process which lacks an identifiable owner -- and the inevitable lack of accountability which occurs as a result -- cannot possibly operate efficiently, effectively, or with integrity.

4. Travel Automation Efforts Within the Department Are Highly Fragmented

In recent years, the Department has invested over \$420,000 in acquiring some 1,500 licenses of automated travel management software as a tool to assist travelers in preparing their travel vouchers. Despite this investment, only about half of the Department's travelers have access to travel software, and the most common use involves stand-alone PC's to create travel authorizations and vouchers. These computer generated documents are printed and manually routed for approval. The authorization and voucher are re-entered into the accounting system. Some bureaus have implemented software capabilities for electronic routing and encrypted signatures, and a few of those processes worked successfully.

The Department now faces the prospect of investing at least an additional \$1.7 million to upgrade the various releases of the existing software to a current configuration. Despite selected efforts to enhance travel system capabilities, the Travel Lab has concluded that the existing travel management software currently in use lacks the flexibility to be easily or economically modified to keep pace with changes in processing procedures.

C. Recommendations

The systemic deficiencies in the Department's travel processes have given rise to a process which is overly complex, highly controlled (with multiple review and approval levels), costly to administer, and ironically, one which lacks overall accountability. Under these circumstances, marginal or incremental improvements to the process would not adequately address the system deficiencies. For these reasons, the Travel Lab concluded that it will be necessary to:

- Change the culture
- Change the process
- Change the system

1. Changing the Culture

Over the years, the regulatory nature of the Federal travel process has spawned an environment where travel rules and regulations were commonly accepted as a “given”, not to be challenged or questioned. The predictable result is a very elaborate set of control procedures which are used to regulate nearly every conceivable aspect of the current travel process. This situation seems to be based on the premise that if enough regulations, controls and checkpoints were put into place, the opportunities for fraud and abuse could be eliminated. The addition of these controls and checkpoints adds greatly to the cost of the administrative work of both the program offices and finance offices. There is a perception that the current travel process lacks a clear focus on mission accomplishment and process integrity, since it lacks an identifiable “owner”. Adding unnecessary steps and complexity to the travel process has given rise to an administrative structure which is no longer sustainable in the diminished resource environment of the 1990's.

In order for travel to become a program and mission enabler, the Travel Lab concluded that a basic, fundamental cultural change would be necessary on the part of all. **Achieving** the necessary cultural change will likely be one of the most daunting challenges facing the Department.

To bring about this necessary change, the Travel Lab proposes that Departmental policy be changed to designate travel as a program and mission enabler; that supervisors be designated as the accountable “owners” of the Department's travel process; and that a proposed new code of ethics will be put into place for all employees. By empowering supervisors to carry out the new travel policies, and by entrusting employees to carry out travel in the most efficient and effective manner, the Department can eliminate administrative processes which add additional burdens to the process for which the Department pays a high price.

2. Changing the Process

a. Reduce the Travel Cycle Time by Eliminating Process “Hand-Offs”

Reducing the total travel cycle time (which extends to 60 days or more in some bureaus) became an early objective of the Travel Lab since an administrative process generally consumes resources until it is completed. Within the context of the existing travel process, the elimination of “hand-offs” (i.e., the time lost in awaiting approval by others) constituted a large target of opportunity for improving the current travel process. The four major “hand-offs” (the time lost in awaiting) in the travel process were: (1) approval of a travel authorization; (2) administrative review/approval(s) of a travel voucher; (3) review(s), audit(s) and/or certification of a travel voucher; (4) and awaiting the travel reimbursement/initiating collection action on delinquent travel advances (See Figure 2, next page).

Collectively, the Travel Lab recommendations when implemented, will completely eliminate two “hand-offs”; minimize the time lost on two of the existing “hand-offs”; and make the travel process as continuous as possible. This will be accomplished by (1) issuing a limited open travel authorization to each employee who is expected to travel during the fiscal year; (2) empowering supervisors to authorize and approve travel for their employees (thereby eliminating multi-level approval(s) and handling of documents); (3) expediting the reimbursement to travelers by providing payment upon the submission of an administratively approved travel voucher; and, (4) eliminating the issuance (and the subsequent collection) of cash travel advances by requiring the use of the Travel Charge Card and ATM. The Travel Lab estimates that these actions will reduce the travel cycle time to 15 days or less.

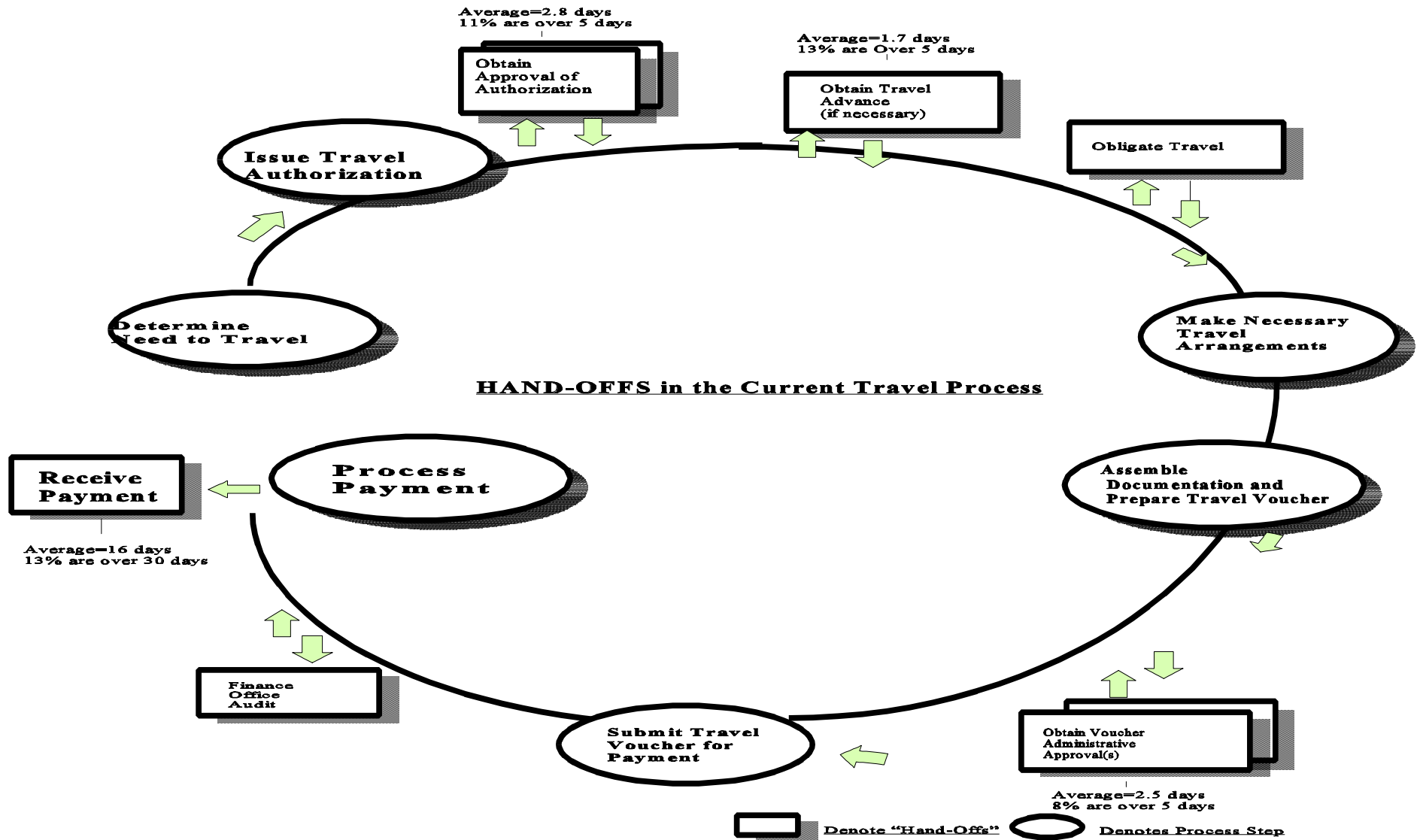


Figure 2

b. Eliminating Non-Value Added Requirements From the Travel Process

Many of the procedures in the DOI's current travel process were developed in years past to satisfy specific requirements in the Federal Travel Regulation (FTR). Being regulatory in nature, the requirements associated with the travel process have historically been accepted by agencies (including the Department) without question. The Travel Lab explicitly reviewed the steps and procedures in the current process in order to identify those steps and requirements which do not add value.

As a result of this review the Travel Lab requested and received waivers, from General Services Administration's published FTR requirements, from a number of travel regulations (see Figure 3). The GSA response and waiver of existing regulations identified a number of conditions that must be satisfied before implementation can begin. The implementation plan covered in Chapter III, addresses the conditions in greater detail.

c. Travel Management Center Structure

The Department's current arrangement with the 140 TMC's was identified as a prime area for savings and improved service to traveling employees. The Travel Lab recommended and established a TMC workgroup to develop contract requirements for potential issuance of reduced numbers of TMC contracts. Further details are provided in Chapter II.

**Requested Waiver From Non-Value Added
Requirements in the Federal Travel Regulation**

FTR Requirement	DOI Request	Changes Required	Expected Impact
Issue Trip by Trip Authorization for Training, Conference, Foreign Travel and Meetings.	Utilize Limited Open Authorizations for all of these types of travel along with regular TDY assignments.	<ol style="list-style-type: none"> 1. Data must be PRESENT AND COLLECTED from the Travel Voucher Claim form. 2. Approval requirements will be met and controls will be in place. 3. Finance data entry procedures need to be modified. 	Eliminate an estimated 30,000 travel authorizations
Validation of Limited Open Authorization on a Quarterly Basis.	Validate and reissue annually.	Procedures to cancel TDL's when employee quits, retires, etc. 2. Valid travel advance collection procedures.	Eliminate an estimated 90,000 travel authorizations, amendments or memo's
Record of Arrival and Departure on Travel Voucher (Over 24 Hrs of Travel); Pay 3/4 (75%) day of Per Diem.	Use a flat rate that is equal to 75% of M&IE on first and last day of travel that exceeds 24 hours; No longer computed based on quarter day hours of departure and arrival.	<ol style="list-style-type: none"> 1. Determine preset times for some automated systems currently used. 2. Prepare schedule of amounts allowable for first and last day at each M&IE rate. 	Reduction of calculation errors; Reduce preparation of Travel Voucher time
Identify Trip Purpose on each Travel Authorization and on each travel voucher claim.	Include this information on the Travel Voucher.	Prepare a temporary travel voucher which allows travelers to check the purpose code that applies, pending implementation of an automated travel process.	Eliminate duplicative recording requirements

Figure 3

FTR Requirement	DOI Request	Changes Required	Expected Impact
Estimating the cost of travel on each travel authorization; obligating from authorization.	No statutory requirement to obligate funds from travel authorization; better mechanisms are available.	1. Change bureau policies regarding delegation of authority for control of travel funds. 2. Modify finance office procedures for obligating.	Reduction of Finance Office data entry, filing and storage workload and expense.
Attaching a copy of the travel authorization to travel voucher claims.	Attach a single copy to the first travel voucher claimed each fiscal year for each authorization.	1. Modify finance office procedures. 2. Instructions on what data needs to be included on each travel voucher claim that differs each trip and no contained on the single copy of the authorization.	Eliminate excess copies of documentation, filing and storage costs.
Limits on Tips to Taxi drivers.	Not required to be exact 15% or less.	Departmental policy required to limit the amount of taxicab reimbursement.	Simplified audit requirements.
Listing Names of traveling companions-rental cars, GOV, POV.	No longer required to list names and bureaus on travel voucher claim.	Departmental internal policies of Standard for dealing with employee conflict of interest while on official travel.	Less detail required on travel voucher claim. Reduction in finance office audit time.
Use of Standard Form 1012 for the Travel Voucher.	Create and utilize a travel voucher form that meets DOI needs.	Redesign of form does not preclude requirement to collect specific data in specific formats for reporting purposes.	Simplify travel voucher form to ease the preparation burden Potential for redesign in electronic medium.

Figure 3

3. Changing the System

The JFMIP Travel Reinvention Report suggested that an ideal travel process for Federal travel would involve administrative costs of \$37 per trip. The recommendations contained in the Travel Lab report are expected to reduce administrative costs by an estimated \$20-25 per trip (to about the \$75 range). In order to achieve further savings and to approximate the ideal cost level described in the JFMIP report, further improvements in standardization and automation of the process will be required (See Figure 4).

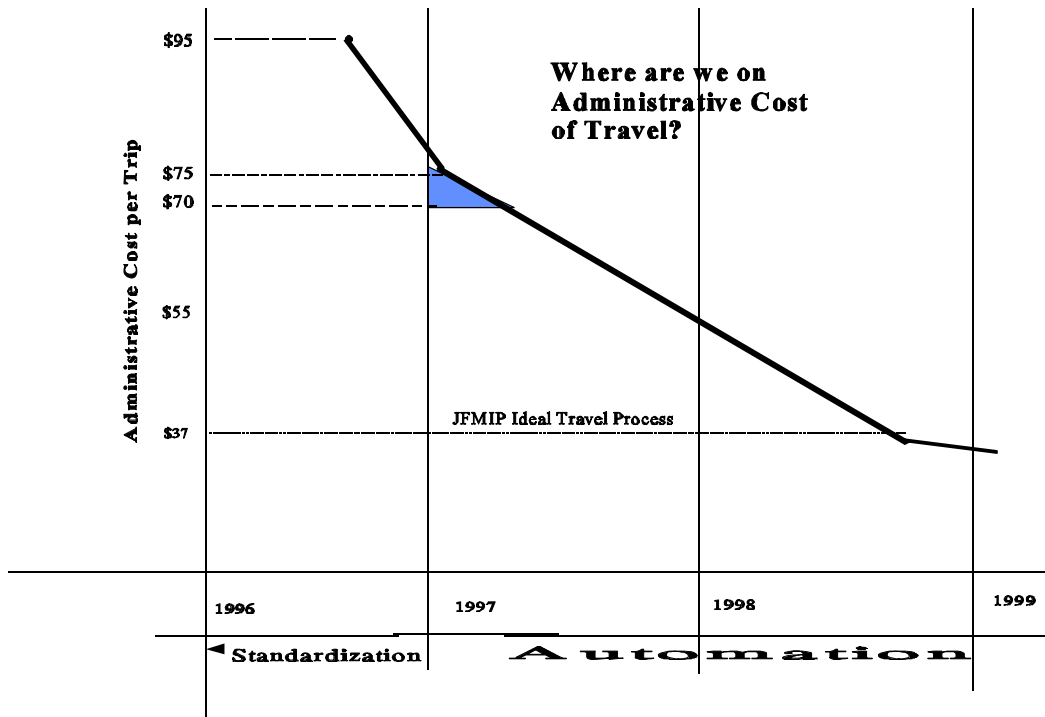


Figure 4

The Travel Lab recommends that a single automated travel management system be developed to further reduce the administrative costs of the travel process and recommends that an Automated Travel System Improvement Team be established to identify, assess, and recommend alternative system approaches. A more detailed discussion is provided in Chapter II.

D. Recommended Actions

To accomplish the necessary changes, the Travel Lab recommends the following actions be taken: (1) communicate recommended changes; (2) issue policy statements; (3) create the necessary cultural change; (4) complete Travel Management Center initiatives; and (5) design and develop an integrated Automated Travel System. The Travel Lab recommends that three teams be formed to carry out these actions. A summary of the Travel Lab recommendations follows (See Figure 5).

Summary of Travel Lab Recommendations

Current Process Now

Travel Lab Team's Recommendation

Trip By Trip & Quarterly Limited Open Authorizations	Issue Annual Limited Open Authorization
Separate Authorization for Conferences, Training, & Foreign Travel	Include in Annual Limited Open Authorization
Multiple Approval Levels for TDY Travel (up to 8)	Reduce Approval Levels to One (Implemented by AS-PMB memo of April 8, 1996)
Lacks an Identifiable Owner	Empower Supervisor to Authorize & Approve Travel
No DOI Policy on Use of Govt.-sponsored Travel Charge Card	Issue DOI Policy-Presumptive Use of Travel Charge Card for Official Travel
Purchase Tickets on 700 Centralized Billing Accounts	Encourage Use of Individual Travel Charge Card for Purchase of Transportation Tickets
Manual Reconciliation of Centralized Billing Accounts	Perform Automated Reconciliation of Centralized Billing Accounts by TMC
Bureau-issued Travel Advances	Use ATM Privileges of Travel Charge Card
140 Travel Management Centers (GSA determines requirements)	Develop Contract Requirements for Potential Reduction of TMC Contracts (TMC Workgroup Established)
Obligate Travel from Travel Authorization	Reduce or Eliminate Obligation from Travel Authorization
Detailed Voucher Preparation Rules (per FTR)	Implement GSA Approved Waivers
Audit Vouchers Before Reimbursing Travelers (Backlogs in Finance Offices)	Reimburse Travelers Upon Submission of Approved Travel Voucher, Upon Travel Process Automation (GAO Waiver Pending)
No Standard Payment Methods	Use Electronic Payment of Vouchers
No Standard Payment Process Time	Establish 5 Day Payment Standard

Figure 5